

August 1, 2000

Mary L. Cottrell, Secretary

Massachusetts Department of Telecommunications and Energy

One South Station, 2nd floor

Boston MA 02110

RE: Fitchburg Gas and Electric Light Company - Standard Offer Service Fuel Adjustment

Dear Ms. Cottrell,

The purpose of this filing is to notify the Department that Fitchburg Gas and Electric Light Company ("FG&E") has exceeded the Fuel Trigger Point pursuant to the Standard Offer Service Fuel Adjustment provision of its Standard Offer Service Tariff, MDTE No. 44, and to request the Department's authorization to make an appropriate adjustment(s) to its SOS rate.

As provided in the Company's SOS Tariff (copy attached hereto as Exhibit 1), the Standard Offer Service Fuel Adjustment ("SOSFA") shall be used to adjust the SOS rates through a uniform cents per kilowatt-hour surcharge when market fuel prices exceed the Fuel Trigger Point. Pursuant to the Company's SOS tariff and its wholesale power contract for SOS service, all incremental revenues received as a result of the SOSFA shall be credited to the Company's SOS wholesale supplier. The Company receives its entire SOS wholesale power supply from Constellation Power Source, Inc. ("Constellation") under a contract approved by the Department in DTE 98-120 ("Constellation Agreement").

The calculation of the SOSFA for the months of April - June, 2000 is shown on Exhibit 2 attached hereto. The resulting SOS rates after applying the fuel adjustment each month are as follows:

Fuel Adjustment SOS Rate

April 2000 1.0336 3.928 ¢/kWh

May 2000 1.0836 4.118 ¢/kWh

June 2000 1.1436 4.346 ¢/kWh

At this time, the Company projects that it will continue to exceed the Fuel Trigger Point through each of the remaining months of 2000 and accordingly is seeking the Department's authorization to establish new rates to reflect the increase in fuel prices on a monthly basis. FG&E's proposed methodology is further discussed below.

The Department's order in DTE 97-115/98-120 requires FG&E to set its SOS rate equal to what the Company is currently paying its SOS wholesale supplier under the Constellation Agreement, which is currently 3.8¢/kWh. FG&E seeks authorization to adjust its SOS rate to reflect the increased fuel prices, with such incremental revenue to then be passed on to Constellation. Because the exact fuel prices are not known until after the fact, FG&E proposes to implement the fuel adjustment on a monthly basis to reflect the fuel prices from the most recently available period allowing time for computation and submittal to the Department. Thus, results of the June fuel adjustment calculation would be proposed to take effect September 1. FG&E would make similar filings, as needed, by the first of the month prior to the month in which the revised SOSFA is to be effective, based upon the known changes to fuel prices from the month ending approximately 30 days prior to the filing. FG&E also proposes to reimburse Constellation for the Fuel Adjustment levels calculated for the months of April and May and defer those costs under its SOS revenue reconciliation account.

A full set of bill impacts for the proposed September 1 increase in the SOS rate is included here as Exhibit 3. The proposed increase on a 500 kWh residential bill would be \$2.73, or 4.7%.

The Company respectfully requests that the Department authorize the Company to collect incremental revenues associated with this surcharge through adjustments to its SOS rate and to pass on all the incremental revenues resulting from this adjustment to its wholesale supplier pursuant to its SOS tariff and the Constellation Agreement.

In accordance with the final order in DTE 97-115/98-120 issued on January 15, 1999, the Company also proposes to set the Default Service price equal to the SOS price in the interim between September 1 and the commencement of Default Service pricing pursuant to bids received via an RFP process as directed in DTE 99-60, or as otherwise directed by the Department.

Thank you for your attention to this matter.

Sincerely,

Mark H. Collin

Vice President & Treasurer

Enclosures

CC: Ronald LeComte, Esquire, Director, Electric Division, MDTE

Kevin Brannelly, Director, Rates and Revenue Requirements Division, MDTE

Paul Afonso, Esquire, Legal Department, MDTE

George Dean, Esquire, Assistant Attorney General

David M. Perlman, Esquire, Constellation Power Source, Inc.

Todd Shimkus, VP, No. Central MA Chamber of Commerce